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SUBJECT: FOLLOW-UP TO EVIAN SUMMIT ANTI-CORRUPTION/TRANSPARENCY DECLARATION: IDENTIFICATION OF PILOT COUNTRIES

REF: SECSTATE 2003 345287

1. Summary. Anti-corruption and transparency are critical issues in Ghana. While the G-8 program could add value to on-going anti-corruption and transparency initiatives in Ghana, and while we think Ghana could ultimately participate successfully, the timing is not good for including Ghana as one of the pilot countries. 2004 is an election year and the Government of Ghana (GoG) is heavily engaged in advancing the Ghana Poverty Reduction Strategy (GPRS) and developing and implementing its various sector strategies. It is unlikely the GoG could make the necessary commitments to ensure it would serve as a successful pilot partner. We are eager to learn more about the program and would encourage Ghana to participate in the program once it gets underway. We have consulted with our in-country UK counterparts, including the Deputy High Commissioner and DFID. They support this conclusion. End Summary.

2. Post would probably have no difficulties in getting the GoG to sign onto such a pilot program. However, implementing such an initiative will face a number of hurdles. For one, it may be difficult to have the GoG assign personnel with the time and skills to engage on this to ensure that all of the GoG's responsibilities are implemented. Moreover, there will likely be internal resistance within the civil service to following through on such an initiative. In the case of the Extractive Industries Transparency Initiative (EITI), DFID indicates that the GoG has made a number of promises, but the government institutions are lagging behind in the implementation. Furthermore, DFID fears that if Ghana is selected as a pilot country that the efforts under the G-8 anti-corruption and transparency initiative would duplicate efforts already underway in their current EITI project in Ghana.

3. Since 2004 is an election year, the GoG would be more than happy to showcase any transparency efforts that put them in a positive light but will be less than eager to showcase efforts that reflect badly on them. The GoG would likely put a positive spin on its participation and use the efforts to win political favor. The challenge would be to ensure that there is real substance behind any actions the GoG is pushed to take.

4. Current and ongoing anti-corruption and transparency activities include the following:

- World Bank and DFID program in Public Financial Management;
- Country Financial and Accountability Assessment in 2001;
- World Bank (supported by DFID) program on procurement reform;
- World Bank governance and anti-corruption program;
- US Treasury Tax Administration Program;
- USAID funded wide area network and case management system for the Commission on Human Rights and Justice (CHRAJ);
- USAID program to increase capacity of civil society organizations to work with local government to improve government accountability and responsiveness to citizens, through public hearings on programs, budgets, corruption, and tendering;
- DFID governance and anti-corruption program;
- DFID EITI project;
- DFID public financial management and reform program;
- DFID civil service reform program;
- GTZ good governance program;
- Netherlands training for national audit offices;
- and
- Netherlands anti-corruption capacity building for municipalities.

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15. It is critical that any anti-corruption initiative in Ghana add value to existing initiatives, including World Bank support to the implementation of the Public Procurement Act and the Country Procurement Assessment Review (CPAR) Action Plan and the Ministry of Finance and Economic Planning's (MoFEP) Short Term Action Plan. Furthermore, there are a range of issues that need to be addressed to improve the overall anti-corruption and transparency environment. These include the following:

- Developing equitable and meaningful wage policies;
- Passing comprehensive anti corruption legislation
 - encompassing a reasonably comprehensive and unambiguous definition of bribery and corruption, credible access to information and whistle-blower encouragement and protection laws, and clear guidelines on conflict of interest;
- Strengthening the independence and capacity of constitutional and statutory oversight bodies;
- Promulgating and enforcing credible asset set declaration regulations, especially ones that conform to international best practices (such as easy verifiability and easy monitoring); and
- Initiating public service reforms with a view to redressing the culture of secrecy, promulgating a credible wage policy.

16. While the G-8 initiative appears to be a very interesting program, the timing is unfavorable for including Ghana as a pilot country. However, we are anxious to know more about the program and would very much like Ghana to participate once it gets underway. If Ghana is selected for either the pilot or the mainstream program, it will be critical to have sufficient funds to provide for technical assistance, training and management oversight. USAID/Ghana has no resources to draw upon for such a program. Additional funds will be required to provide the appropriate program inputs and oversight.

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